

A 1996 law made paying taxes in the state of Washington a little easier for some businesses. According to the provisions of this law, businesses that meet all the following criteria are no longer required to file monthly, quarterly or annual tax returns.

The provisions are:

- the business activity does not require the collection of retail sales tax;
- gross proceeds of sales, gross income, or value of products for all business and occupation tax classifications is less than \$28,000 per year;
- gross income of the business for all public utility tax classifications is less than \$24,000 per year; and
- the business owes no other tax or fee to the Department of Revenue.

Businesses meeting these qualifications are eligible to be assigned an **active non-reporting** business status. If your business is assigned this status, you are considered to be actively doing business in Washington, but you are not required to file tax returns. If at some time any of the above criteria is no longer valid, you have certain responsibilities as outlined in this brochure.

What is considered a retail sale?

Businesses that make retail sales tax **must file** tax returns. Examples of retail sales include:

- selling tangible items to consumers

- repairing, installing, altering, decorating, cleaning, constructing or improving real or personal property for customers
- providing specific personal services, including:
 - fitness testing and training
 - aerobic classes
 - tanning and tattoos
 - steam and turkish baths
 - escort and dating services
- providing specific consumer services, including:
 - landscape maintenance
 - horticultural services
 - clearing land and moving earth
 - service charges for professional sports tickets
 - rental and leasing of personal property
 - rental of equipment with operator
 - towing and automobile parking
 - lodging (less than 30 days)
 - amusement activities such as golf, billiards, bowling, etc.
 - charges for abstract and title insurance, escrow and credit bureaus, and tenant screening

Businesses performing any of these transactions are required to be registered, and collect and remit retail sales tax on their tax returns. If you have any questions about whether you should be collecting retail sales tax or if you feel you have been assigned an active non-reporting status in error, please contact the Department of Revenue immediately. You will be assigned a reporting frequency and begin receiving tax returns.

What should I do if I exceed the limit?

It is your responsibility to maintain proper financial records and notify the Department of Revenue if your business exceeds the \$28,000 business and occupation and/or \$24,000 public utility threshold for active non-reporting status. If at any time your gross income exceeds this threshold, a tax return must be filed and any tax due paid. Late filing and payment will cause penalties and interest to be assessed. Call the Business Registration section at (360) 902-7180 or your local Department of Revenue office if your account exceeds the threshold. Your account will be assigned a reporting frequency and you will be sent tax returns to report your taxes.

Do I have other responsibilities?

As defined in the Taxpayer Rights and Responsibilities law, businesses have a number of rights and responsibilities in regard to their tax obligations. One of your most important responsibilities is to notify the Department of changes that require an update on your account. In addition to the change noted above, other changes may include:

- new mailing address or business location;
- new telephone number;
- new partners or corporate officers and
- closing date if you cease to do business in Washington State.

To notify the Department of any changes to your business' status, call our Telephone Information Center at 1-800-647-7706 and use the automated attendant, call your local field office or use our web site.

What if I owe use tax?


You may pay use tax at any local Department of Revenue office. To obtain a use tax form, call the Telephone Information Center or visit our web site.

Who should I contact for more information?

Department of Revenue
Business Registration Section
PO Box 47476
Olympia, Washington 98504-7476
(360) 902-7180

To inquire about the availability of this document in an alternate format for the visually impaired, please call
(360) 486-2342.
Teletype (TTY) users
please call 1-800-451-7985

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Washington State

ACTIVE NON-REPORTING BUSINESSES

